



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 3, 2000

CRR-P 074 976 806

Mr. Craig Carver, Esq.
Alfers & Carver, LLC
Equitable Building
730 17th Street, Suite 340
Denver, Colorado 80202

Re: Final Settlement and Reclamation Agreement, Western States Minerals Corporation, Drum Mine,
M/027/007, Millard County, Utah

Dear Mr. Carver:

Please find enclosed, seven (7) original copies of the Drum Mine Settlement and Reclamation Agreement, which have now been signed by the respective Federal and State agencies that are party to this agreement. Once Western States Minerals Corporation (WSMC) signs the agreement this contract will become effective and executable. Please make arrangements with WSMC to have the appropriate signatures affixed to the Settlement and Reclamation Agreement and then return finalized copies of the document to the respective agencies.

We have obtained authorization from the State Division of Purchasing to use WSMC as a sole source contractor to perform the reclamation at the Drum Mine site. However, OGM and WSMC need to sign a separate contract for the exchange of funds. Copies are enclosed. Please sign and return all seven copies of this second contract to us for completion on our end. We will then return a fully executed copy back to you.

We look forward to working with you and WSMC in completing the necessary reclamation at the Drum Mine. Thank you for your continued cooperation and assistance in working out the details in finalizing this mine closure action. We appreciate all your efforts to bring this matter to a successful resolution.

Sincerely,


Mary Ann Wright
Associate Director, Mining

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Enclosures: 2-Contracts; 7-Settlement Agreements
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